

North Western's Application for Pre-Approval for Purchase of PPL Dams under MCA 69-8-429

Presented by Bill Gallagher to the ETIC Committee Nov. 8, 2013

Pre-filing communication

- * Statute: To facilitate timely consideration of an application, the commission may initiate proceedings to evaluate planning and procurement activities related to a potential resource procurement prior to the public utility's submission of an application for approval.
- * PSC rule (ARM 38.5.8228(1)): The utility must notify the PSC and Montana Consumer Counsel (MCC) that it intends to file an application for pre-approval far enough in advance of the filing to accommodate pre-filing communication.
- * On October 11, 2013, NorthWestern notified the PSC and MCC of its intent to file a pre-approval application for its proposed acquisition of the PPL hydro facilities in Montana.
- * October 18, 2013 - NorthWestern's informational meeting with the PSC at which NorthWestern provided a high-level overview of the proposed acquisition.
- * Docket N2013.10.74 - PSC docket opened as a repository for pre-filing communication.

NorthWestern expects to submit its pre-approval application to the PSC in December 2013

- * Within 45 days of filing date, the PSC must determine that the application is adequate and complies with the PSC's minimum filing requirements. If PSC determines it is inadequate, it must explain the deficiencies.
 - The commission may engage independent engineering, financial, and management consultants or advisory services to evaluate a public utility's electricity supply resource procurement plans and proposed electricity supply resources. The commission shall charge a fee to the public utility to pay for the costs of consultants or advisory services. These costs are recoverable in rates. MCA 69-8-429(10)
- * After receipt of an adequate pre-approval application, the PSC has 270 days to issue its order, which time period the PSC may extend by 90 days if it determines extraordinary circumstances require it.

The PSC contested case review process will include:

- * Issuing a notice of the application;
- * Granting intervention to Parties with standing;
- * Discovery on the application and supporting testimony and on intervenor testimony;
- * A formal hearing;
- * Public hearings to obtain comment from the general public/ratepayers;
- * Post-hearing briefs;
- * PSC deliberation meeting(s); and
- * Issuance of a final order.

Possible Issues/Questions

- ❖ Consumer Impact Issues;
- ❖ Kerr Dam Sale Issues;
- ❖ Depreciation Issues;
- ❖ Due Diligence/Condition Issues;
- ❖ Debt/Equity Ratio and Debt Cost Issues;
- ❖ Employee Issues;
- ❖ Valuation, Initial and Post Purchase Cost Issues; and
- ❖ Modeling and Forecast Issues.

The PSC's order, due 270 days after application, if

- * Granting approval must find that approval, in whole or in part, is in the public interest and that procurement of the resource is consistent with the requirements that a utility provide adequate service at reasonable rates, the statutory resource planning and procurement objectives, and PSC rules. The commission order may include a provision for allowable generation assets cost of service.
- * Denial of approval must describe why the required findings could not be reached.



Questions ?